

*Promoting accountability and integrity in City operations.*



CITY OF VIRGINIA BEACH  
**City Auditor**

# ANNUAL REPORT

07/01/2022 - 06/30/2023





Lyndon S. Remias, City Auditor

## MESSAGE FROM THE **CITY AUDITOR**

It is my pleasure to present the FY 23 Annual Report for the Office of the City Auditor. This report highlights our major accomplishments and initiatives over the past year along with other key information.

I would like to thank my staff, the City Council, Audit Committee, City management, and all the hardworking City employees and volunteers who help make the City of Virginia Beach one of the best.

### CONTACT INFO

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 757-385-5870

 [lremias@vbgov.com](mailto:lremias@vbgov.com)



# REPORTS ISSUED IN FY 23



## **VIRGINIA BEACH SPORTS CENTER**

Assessed whether adequate documentation existed to support compliance with the terms of the management agreement.



## **SHORT TERM RENTALS**

Assessed whether appropriate policies, procedures and processes are in place to ensure compliance with Short Term Rental regulations adopted by City Council on September 7, 2021.



## **PROCUREMENT OF SOLE SOURCE CONTRACTS**

Assessed whether adequate documentation existed to support procurement processed as a sole source contract.



## **REVIEW OF DISTRICT VOTING PREPERATION PRE/POST ELECTION**

Reviewed the communication and logistical efforts related to the Court's decision requiring changes to the City's election system.



## **REVIEW OF STATUS OF ATLANTIC PARK**

Reviewed expenses and identified Capital Improvement Projects (CIP) related to the Atlantic Park Project



## **VBPD HOLSTERS**

Evaluated several concerns regarding the Safariland duty holster series issued by the Virginia Beach Police Department (VBPD).



## **HEALTHCARE CLAIMS 2021**

Assessed claims processed by Optima Health (Optima) for paid dates of January through December 2021.



## **2022 GASB 75**

Performed certain agreed-upon procedures related to the City/Schools 2022 Actuarial Valuation of Other Postemployment Benefits (OPEB).

## **OTHER PROJECTS**



EXTERNAL AUDIT CONTRACT ADMINISTRATION



FOLLOW-UP OF PRIOR YEAR AUDIT RECOMMENDATIONS



VOLUNTEER RESOURCES ANNUAL REPORT



# RESULTS OF CITY AUDITOR'S **PEER REVIEW**



**Government Auditing Standards** require that our office undergo an external peer review every three years. The Standards provide a framework for performing high-quality audit work with competence, integrity, and independence.

The Peer Review was conducted by a team of experienced local government auditors independently selected by the Association of Local Government Auditors (ALGA) in October 2022.

Our office, once again, received the highest level of assurance that our audits and engagements are conducted in compliance with Government Auditing Standards.

The next review will be in 2025.

# FY 23 HIGHLIGHTS

## Welcome Aboard!

We are pleased to announce the addition of two new members to the Office:

### Jackie Scheller, Auditor I

Jackie joined the Audit Team on September 29, 2022.



### Emiliano Orendia Jr., Administrative Assistant

Emiliano (JoJo) joined the Fraud, Waste and Abuse Team on September 8, 2022.

We also had the pleasure of working with **Nilanjana Biswas** through the **Hiring Our Heroes Military Spouse Fellowship Program** sponsored by the U.S. Chamber of Commerce Foundation.

This 12-week program provides military spouses an opportunity to gain experience working in the public sector with participating agencies. Nilanjana worked as an Administrative Assistant with the Fraud, Waste and Abuse Team.

## Workforce Visit to Philippines

Tony Gonzalez accompanied Economic Development to the Philippines to oversee the establishment of a workforce collaboration program with the City of Olongapo. The program's purpose is to enable our City to aid Virginia Beach businesses in finding skilled workers for hard-to-fill positions.

## Celebrating Service Milestones!

- **35 years** – Gretchen Hudome, Deputy City Auditor
- **20 years** – Sharon Hayes, Deputy City Auditor, FID
- **15 years** – Lyndon Remias, City Auditor



# FY 23 HIGHLIGHTS

## Virginia Local Government Auditors Association (VLGAA) Spring Conference 2023

Our office hosted the VLGAA Spring Conference on April 17, 2023. The conference was attended by 50 local government and internal auditors from around the Commonwealth. Both Lyndon Remias and Sharon Hayes presented at the conference.



## Professional Leadership and Sharing

We pride ourselves on being leaders in our industry. We regularly engage with our peers in other localities and contribute to enhancing the profession. Some of our contributions include:

- Lyndon Remias led the Fairfax County Peer Review in January 2023 and served as a Regional Coordinator for ALGA Peer Review Committee.
- Gretchen Hudome led the Orange County FL Peer Review in February 2023; served as a Team member for the Durham, NC Peer Review in December 2022, and participated on the 2023 Knighton Awards Committee.
- Sharon Hayes presented at the Williamsburg Fraud Academy in August 2022 and provided Fraud, Waste & Abuse Prevention Training to Public Works – Waste Management.
- Danny Rinehart led the annual training on Fraud, Waste & Abuse Prevention and Reporting for Park and Landscape Services.
- Keith Piper obtained his Certified Internal Auditor certification in October 2022.

## Annual Strategic Planning Retreat

Each year our office comes together to review trends, brainstorm and map out the upcoming year. We participate in group training to stay abreast of the latest trends and tools to help bring value added audits and service to the City. We follow up our retreat with a team building activity, this year we chose Top Golf.





# AUDIT COMMITTEE UPDATE

To ensure organizational independence, the City Auditor reports to City Council through an Audit Committee. The Audit Committee consists of five (5) members: two (2) non-voting City Council Members and three (3) voting citizen members who are appointed by City Council. The current members are:

- Council Member Robert "Worth" Remick
- Council Member Joashua Schulman
- Emilson Espiritu
- Steve Sandavol, CPA
- Tressa Shifflett

The Audit Committee plays an important role in providing governance and oversight of the audit function.

We would like to thank Karen Hill for her nine years on the Audit Committee. Ms. Hill's term ended in May 2023.

We would also like to welcome our newest audit committee member Tressa Shifflett and our latest City Council Liaisons: Council Members Robert "Worth" Remick and Joashua Schulman.

Thank you for your service and dedication to the City!



# UPCOMING AUDITS FOR FY 24



American Rescue Plan Act  
(ARPA)



Contract Audit – Abacus  
Corporation



CIP – City Hall  
Construction



Virginia Procurement Act –  
Prompt Payment Requirements



Network Access  
Control



Special Events Permit  
Application and Review Process



VB Time

## OTHER PROJECTS

- VIRGINIA BEACH NATIONAL GOLF CLUB
- REVENUE COLLECTION – PERMITS AND INSPECTIONS
- REVENUE COLLECTION – HOUSING
- CITY CHARTER REVIEW
- ATLANTIC PARK CDA
- HEALTHCARE CLAIMS AUDIT – 2022 CLAIMS
- VOLUNTEER RESOURCES REPORT
- FOLLOW-UP ON PRIOR YEAR AUDIT RECOMMENDATIONS





# FRAUD, WASTE & ABUSE UPDATE

"Good decisions don't make life easy, but they do make it easier!" – Gary Cole

Over the last year, we have encountered a multitude of employees who did not make good decisions. Many of the decisions resulted in adverse outcomes up to and including termination. Some of the adverse outcomes could have been avoided if the employees had taken a moment and thought, "Is this going to make life easier or harder?". From childhood, we are told to make the right decision, but if we start teaching how our decisions affect our lives using the easier or harder categories, maybe some of the outcomes would have been different. Decision making is an important process that should lead to making the right choices. Let's not take it lightly.

We want to thank every employee who provided assistance in bringing these issues to a close. The City has some very diligent employees who show their expertise in what they do and how much they care about the City and its citizens.

So, I will say it again, "doing the right thing," is imperative. If you have any concerns on making the right decision, please reach out to us – we are more than ready to assist you.

Thank you to everyone who serves the City of Virginia Beach.

Sharon Hayes, Deputy City Auditor, Fraud, Waste and Abuse

## TO REPORT FRAUDULENT ACTIVITY :

CONFIDENTIAL HOTLINE: 757-468-3330

CONFIDENTIAL EMAIL:

[REPORTVBFRAUD@VBGOV.COM](mailto:REPORTVBFRAUD@VBGOV.COM)

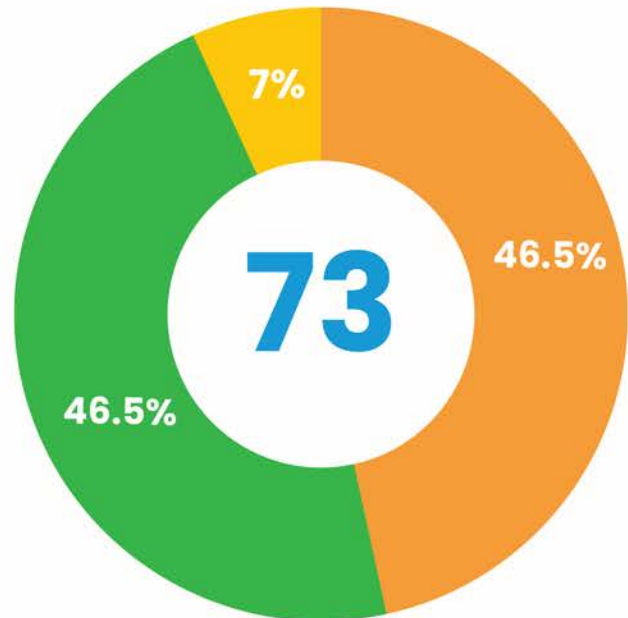


# FRAUD, WASTE & ABUSE FY 23 STATISTICS

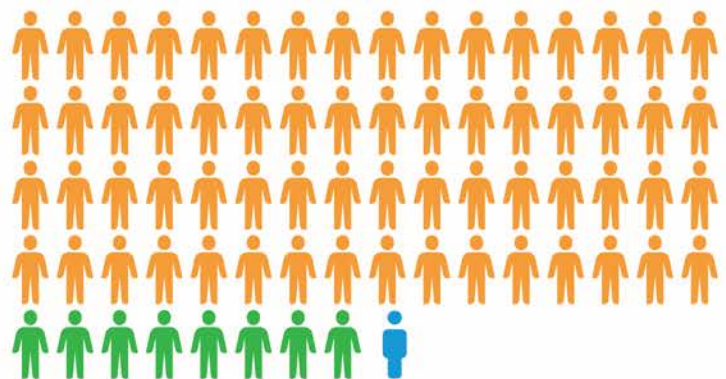
## ALLEGATIONS BY TYPE:



## ALLEGATIONS BY STATUS:



## SUBJECT OF THE ALLEGATION:





# FY 23 SUBSTANTIATED CASE SUMMARIES



ALLEGATIONS RECIEVED BY FISCAL YEAR

# FY 23 SUBSTANTIATED CASE SUMMARIES

- **Human Services – Theft of City Time**

Employee conducted private business on City time. Employee was counseled.

- **Housing & Neighborhood Preservation – Outside of Jurisdiction – Section 8 Fraud**

Citizen had an unauthorized tenant living in their home. Citizen was issued a proposed termination letter from the program.

- **Public Utilities – Theft of City Time**

Employee falsified time worked and failed to submit documentation to verify work completed. Employee received a forty-hour suspension.

- **Parks & Recreation – Falsification of Documents**

Employee falsified their job application by omitting their previous employment with the City, in which they resigned in lieu of termination. Employee was terminated over a separate issue.

- **Human Services – Outside of Jurisdiction – Benefits Fraud**

Citizen received an overpayment of \$508.00. Department initiated an Administrative Disqualification hearing.

- **Public Works – Theft of City Time**

Employee falsified time worked by taking a much longer lunch than allowed. Employee was terminated over a separate issue.

- **Housing & Neighborhood Preservation – Misuse of City Resources**

Client was inappropriately removed from the program. Process improvements were implemented to ensure decisions are based on regulatory mandates.

- **Public Works – Theft of City Time**

Employee falsified time by taking an extended break without clocking out. Employee received a one-day suspension.

- **Parks & Recreation – Theft of City Time**

Employee falsified time worked at job sites. Employee was terminated over a separate issue.



# FY 23 SUBSTANTIATED CASE SUMMARIES

- **Fire – *Misuse of City Resources***

Employees misused City resources by taking a City vehicle to North Carolina for personal use. Department reminded all employees to ensure Automated Vehicle Locator (AVL) device is on during all vehicle usage.

- **Human Services – *Regulatory Compliance***

Employee violated policy by using a personal phone to text a client. Employee received a one-day suspension.

- **Public Utilities – *Theft of City Time***

Employee falsified time worked by sitting in a City vehicle away from any job sites and not working. During the investigation, employee transferred to another department and chose not to take any further action.

- **Human Services – *Falsification of Documents***

A medical error occurred, however the department issued disciplinary action prior to receiving the memorandum from our office.

- **Public Utilities – *Theft of City Time***

Employee falsified time worked by making stops in a City vehicle at unauthorized locations. Employee received a thirty-hour suspension.

- **Public Works – *Falsification of Documents***

Employee falsified fifteen (15) doctor's notes to cover time off. Employee resigned in lieu of termination.

- **Human Services – *Policy and/or Procedure Related***

Employee obtained position through false pretenses and policies and procedures were violated. Employee was terminated. Department implemented procedures to improve policies and procedures.

- **Public Works – *Falsification of Documents***

Employee submitted a false backdated doctor's note. Employee retired during the investigation.

# FY 23 SUBSTANTIATED CASE SUMMARIES

- **Public Health – Theft of City Time**

Employee used a City vehicle to attend a personal doctor's appointment. Employee received a written reprimand.

- **Public Works – Theft of City Time**

Employee falsified time worked by showing up late to training in order to attend to a personal matter. Employee was terminated over a separate issue.

- **Human Services – Outside of Jurisdiction – Benefits Fraud**

Citizen received an overpayment of \$4,760.00. Citizen was mailed a demand letter and repayment agreements for restitution.

- **Public Utilities – Theft of City Time**

Employee falsified time worked by frequently going home during work hours. Employee was terminated.

- **Human Services – Theft**

Employee stole several items from a job site that is used to support clients. Employee was terminated.

- **Public Works – Theft of City Time**

Employees falsified time worked. Due to direction of their supervisors , no discipline was issued. Department has provided additional work items for the employees to work on while waiting to go out to the job sites.

- **Parks & Recreation – Theft**

Money was missing. The department discovered later that the money had been returned. No action required.

- **Public Works – Financial Irregularities**

Employee failed to verify invoices for payment, falsified verification of an invoice, and falsified time. Employee was terminated.



# FY 23 SUBSTANTIATED CASE SUMMARIES

- **Parks & Recreation – Theft of City Time**

Employee falsified time worked by leaving early and arriving late on multiple occasions. Employee received a two-day suspension.

- **Public Works – Misuse of City Resources**

Employee utilized a City vehicle to make unapproved stops in Norfolk on multiple occasions. Discipline pending.

- **Police – Financial Irregularities**

Employee failed to pay invoices and submit procurement card expenditures in a timely manner, failed to deposit donations, did not properly bill for services, and could not account for missing petty cash. Employee resigned pending discipline.

- **Parks & Recreation – Falsification of Documents**

Employee submitted a false doctor's note to excuse their absence from work. Employee resigned pending discipline.

- **Human Services – Falsification of Documents**

Employee falsified client records by improperly billing for services not rendered, as well as falsified their time. Employee resigned in lieu of termination.

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- **Human Services – Falsification of Documents**

Employee falsified client records by improperly billing for services not rendered, as well as falsified their time. Employee resigned in lieu of termination.

- **Human Services – Regulatory Compliance**

Department failed to properly report an incident, document the incident, and have the incident investigated. Discipline pending.

- **Public Works – Misuse of City Resources**

Employees falsified time worked and misused City equipment during a state of emergency. They provided favors for a vendor that took time away from assisting citizens in need. Discipline favors done for a vendor that took time away from assisting citizens in need. Discipline pending. pending.

- **Convention & Visitors Bureau – Financial Irregularities**

Employee failed to pay invoices in a timely manner, submitted payment vouchers without approval, and falsified time on several occasions. Discipline pending.

- **Public Works – Theft of City Time**

Employee falsified time worked by making numerous unauthorized stops during working hours. Discipline pending.





CITY OF VIRGINIA BEACH  
**City Auditor**

A group of approximately ten people, likely staff members, are standing in front of a colorful wall covered in various signs and graphics. The wall includes signs that say 'COME', 'TOPGOLF', and 'GOLF'. The people are dressed in casual business attire and are smiling at the camera.

# THANK YOU

## CONTACT INFO

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